National Living Wage and National Minimum Wage

Government response to the Low Pay Commission’s Autumn 2019 recommendations

December 2019
# Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>4</td>
</tr>
<tr>
<td>Recommendations made by the Low Pay Commission</td>
<td>5</td>
</tr>
<tr>
<td>Government response</td>
<td>5</td>
</tr>
</tbody>
</table>
Introduction

The government is embarked on delivering a ‘Good Work’ plan, ensuring better jobs across the labour market. The National Living Wage and the National Minimum Wage are central to this vision and ensure fair pay in the economy.

The government continues to decide upon the minimum wage rates based on the independent and expert advice of the Low Pay Commission. In spring 2019, the government asked the Low Pay Commission to recommend the 2020 rate of the National Living Wage such that it reaches 60% of median earnings by 2020, subject to sustained economic growth. The National Living Wage was introduced in April 2016 and was increased to £8.21 in April 2019 – benefitting over 2 million workers. The Low Pay Commission’s recommendation is to meet 60% of median earnings next year.

The government also asked the Low Pay Commission to make recommendations for the National Minimum Wage rates that apply to younger workers, such that they are set as high as possible without damaging employment prospects for these groups. The UK labour market remains strong, with near-record levels of employment and low unemployment. Accordingly, the Low Pay Commission has made recommendations for above-inflation increases to the National Minimum Wage rates that apply to 21 to 24 year olds, 18 to 20 year olds, and 16 to 17 year olds.
Recommendations made by the Low Pay Commission

The Low Pay Commission has recommended that:

- The National Living Wage (for workers aged 25 and over) should increase from £8.21 to £8.72;
- The rate for 21-24 year olds should increase from £7.70 to £8.20;
- The rate for 18-20 year olds should increase from £6.15 to £6.45;
- The rate for 16-17 year olds should increase from £4.35 to £4.55; and
- The apprentice rate (for apprentices aged under 19 or in the first year of their apprenticeship) should increase from £3.90 to £4.15.

The Low Pay Commission has recommended that the Accommodation Offset increases from the current £7.55 to £8.20.

Government response

The government accepts all of these recommendations. We welcome the Low Pay Commission’s recommendation of an increase to the National Living Wage rate such that it will reach 60% of median earnings by 2020. The government also notes that by accepting these recommendations the National Minimum Wage youth rates will be increased above the rates of inflation and of average earnings.

These increases are due to come into effect from April 2020, subject to Parliamentary approval. The government intends to lay implementing regulations before Parliament in due course.